

# GENERAL AGREEMENT ON TARIFFS AND TRADE

**GATT**  
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CONTRACTING PARTIES  
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MINISTRE DE LA JUSTICE

Page 25

## SUMMARY RECORD OF THE FOURTH MEETING

Held at the Palais des Nations, Geneva,  
on Thursday, 26 November 1964 at 10 a.m.

Chairman: Mr. J.H. WARREN (Canada)

	<u>Page</u>
<u>Subjects discussed:</u> 1. Legal and institutional framework	25
2. Action Committee - Report by Chairman	30
3. Programme of meetings	32
4. Derestriction of documents	32

### 1. Legal and institutional framework (L/2314 and Corr.1/Rev.1 and Corr.2)

The CHAIRMAN recalled that at the end of the discussion of this item at the second meeting it had been agreed that the conciliation group would continue its endeavours to resolve the outstanding issues in the text of the new Chapter. As a result of the work that had been done by this group he was now in a position to propose for adoption the texts set out in the Annexes to document L/2314 and as amended by Corr.1/Rev.1 and Corr.2.

With regard to Annexes A and B it was proposed that these new provisions be incorporated in the GATT as Part IV, with the title "TRADE AND DEVELOPMENT", to be comprised of three Articles - XXXVI to XXXVIII. A draft statement, for inclusion in the records of the Session, appeared in Annex B as amended by L/2314/Corr.1/Rev.1.

Annex C contained a draft Protocol of Amendment into which the texts of the new Articles and of the interpretative notes (included in Annex A) would be incorporated. The Protocol would be opened for acceptance by contracting parties and by governments which had acceded provisionally. As provided in paragraph 2 of the Protocol it would be open for acceptance only until 31 December 1965 unless the CONTRACTING PARTIES decided to extend the period in respect of any government which had not accepted it by that time. The Protocol would enter into force when it had been accepted by two thirds of the contracting parties.

It was suggested that the governments which had participated in the Special Session should sign a Final Act authenticating the text of the Protocol of Amendment. A draft text of the Final Act appeared in Annex D.

The Committee on the Legal and Institutional Framework and the Council of Representatives had recommended that means should be found whereby contracting parties could implement the provisions of the new Part IV on a de facto basis pending the entry into force of the Protocol. It was now suggested that this purpose could be achieved by means of a Declaration adopted by the governments which had participated in this Session. A text would be found in Annex E.

The Chairman said he had been asked by the spokesman of the European Economic Community to record that the Community had, for the time being, to maintain its reservation with respect to the expressions "governments" and "contracting parties" in the Protocol, the Final Act and the Declaration.

It had been recommended by the Committee on the Legal and Institutional Framework and by the Council of Representatives that a Committee on Trade and Development should be established to provide an "adequate permanent institutional framework for the effective supervision" of the new provisions and that this Committee should take over the functions of Committee III, of the Action Committee and of the Working Party on Preferences, and should also deal with certain outstanding issues which were not finalized by the Legal and Institutional Committee. The terms of reference proposed for the Committee were set out in Annex F.

The Chairman went on to say that in securing agreement to the submission of the texts which were now before the meeting, sacrifices and concessions had been made by both developed and less-developed countries and he was confident that the Protocol in which the text would be embodied would secure unanimous acceptance. This Protocol codified the commitments accepted by contracting parties in respect of less-developed contracting parties. This important addition to the Agreement, together with the formation of the Trade and Development Committee would provide a firm basis for the work of the CONTRACTING PARTIES in relation to the development of the economies and the expansion of the trade of less-developed countries. It was clear that there remained a number of points and certain problems to which the less-developed countries attached importance, for which no solution had yet been reached. For example, it was well-known that many less-developed countries had hoped to have had provisions relating to preferences in the new text. This had not been possible, but at the previous meeting the CONTRACTING PARTIES had agreed to a working procedure for dealing with this important and controversial issue. As could be seen from Annex F, other points including the review of Article XVIII, would be taken up by the new Committee on Trade and Development. Furthermore, the terms of reference of the new Committee made it clear that the Committee could, on the basis of proposals referred to it by the CONTRACTING PARTIES for examination, consider whether modifications of or additions to Part IV were required to further the work of the CONTRACTING PARTIES in the field of trade and development and could make appropriate recommendations.

Concluding his introductory statement the Chairman said that it would be recognized that the documents now before the meeting represented a "package deal" and he was confident that in adopting these texts for submission to governments a foundation would be laid for a new era in the work of the CONTRACTING PARTIES - a foundation on which could be built, in the sphere allocated to the CONTRACTING PARTIES, a real and solid contribution to one of the most important problems of the world economy.

Mr. COLLYMORE (Jamaica) said that his delegation would have been prepared to recommend to his Government the adoption as a whole of the provisions contained in Annex A to document L/2314 but was unable to do so if the text were amended in the way suggested in L/2314/Corr.2. He would therefore reserve his position on the text as a whole.

Mr. CAMEJO ARGUDIN (Cuba) said that, in conformity with the statement he had made during the discussion on this item at the second meeting, he wished to reserve the position of his Government on the texts under consideration. The Cuban delegation had taken this step not because it considered that the effort which had been made had no merit, nor because it viewed the future in relation to the Chapter with some pessimism, but because the text proposed contained no reference to preferences and because the delegation had not had an opportunity to participate in the various informal negotiations which had led to the elaboration of these texts:

Mr. DONOVAN (Australia) said that his delegation had fully supported the efforts to arrive at amendments which would assist in solving the pressing trade and development problems of the less-developed countries. It was, therefore, a matter for considerable regret that the Australian delegation had to register its objections to the form of certain parts of the text. The first of these objections related to a matter of substance which was of critical importance for the GATT as a whole and for its future methods of operation. The new Part IV appeared to accept that there was a clear-cut division of countries into two economic groupings. The rigid and static concept, implicit in such a simple division, was unreal and misleading. It was not in accordance with the economic facts of life, with the General Agreement itself or with the practice of the contracting parties to date. The Australian delegation had made it clear throughout the present exercise that it had not claimed the status of a less-developed country but, at the same time, Australia could not be classed as a highly-industrialized country. The attempt to classify contracting parties into two simple economic groups had placed Australia in a false dilemma. In document L/2315, the Australian delegation had proposed a very simple drafting change which could have removed this dilemma, but it had not been accepted by some developed countries. As a result, it could be said that neither of the two sets of commitments set out in the new Article XXXVII applied to Australia.

The Commitments which were applicable to the developed countries had, after extensive negotiation, been tailored to fit the case of the highly-industrialized countries and represented the maximum which those countries could accept. Australia had not participated in the discussions of either of the two major groups, with the result that the formulae

finally arrived at did not reflect in any way the special position of a country, like Australia, which was, in the words of Article XVIII "in the process of development". His delegation had considered that if Australia's special situation were injected into each stage of the discussions, this might have complicated the more difficult aspects of the negotiations and perhaps would have hampered the elaboration of the Model Chapter. The Australian delegation still considered that it had been right in that judgement. On the other hand, the result had been that at the end of this major aspect of the negotiations, some members of the industrialized group felt that they were unable to consider any further changes, even if these changes were intended to do no more than reflect the existing provisions of the General Agreement.

In fact, because of her forbearance, Australia had been penalized because of the method of operation that had prevailed throughout most of the discussions. These had taken the pattern of a confrontation between two opposing groups, instead of the normal GATT method of multilateral negotiation in which the interests of all contracting parties could be taken into account. The proposal in document L/2315 which had been submitted on an informal basis was considered by the conciliation group at its last meeting. The Australian delegation felt that this proposal represented a compromise solution. It would have met Australia's position and at the same time it would have made it clear that Australia was prepared to give effect to the commitments in the new Part of the Agreement, subject only to her own development needs and policies. Since it appeared that this compromise solution was not acceptable to certain members of the conciliation group, the proposal should be regarded as withdrawn. The proposal had not been ~~adopted~~ *objected to* by members of the less-developed group. A number of developed countries refused to accept the amendments and it was this refusal that must be held responsible for the expectation that Australia would not be able to sign the Protocol giving effect to the new Part.

MR. PRESS (New Zealand) said that a fundamental point of principle for New Zealand in the GATT, as in other international economic organizations, had been its opposition to the tendency to divide the world into two exclusive groups. This was simply not a reflection of the real world. Countries were diverse in their stages of growth and in the size and structure of their economies and however one attempted to place in categories the countries of the world anomalies arose. In the past the GATT had been at least a little more successful than other international organizations in reducing these anomalies to a minimum. The GATT had at least recognized three categories of countries - industrialized, less-developed and the small group of primary producers with relatively high per capita incomes but still in the early stages of industrialization. In the past the CONTRACTING PARTIES had recognized that a country, such as New Zealand, which was dependent on three primary products for over 90 per cent. of its export income was clearly not an industrialized country. All that New Zealand had sought in the new Part IV was a similar recognition - even in a footnote - that countries highly dependent on

the export of primary products and which were on the threshold of industrialization could not necessarily accept precisely the same commitments as the major industrialized nations. This desire had been successfully resisted by the industrialized nations for reasons which were not entirely clear to the New Zealand delegation. It was hoped that the special position claimed by New Zealand would not be presented as an effort by New Zealand to evade its responsibilities towards the less-developed countries.

Concluding, Mr. Press said that the New Zealand Government could not be committed to the acceptance of the text of the new Part IV for the reasons he had given. However, he could state with complete confidence that New Zealand would continue as in the past to make the maximum possible contribution to meeting the trade and development needs of the developing countries and that its record would continue to stand up to comparisons with those of other countries including the industrialized countries.

MR. WOODWARD (South Africa) said that South Africa had all along recognized the importance and desirability of providing an adequate legal and institutional framework which would enable the CONTRACTING PARTIES to discharge their responsibilities in connexion with the work of expanding the trade of less-developed countries. This was evident, among other things, from the discussions which took place at the ministerial meeting in May 1963. During that meeting the South African Minister of Economic Affairs had pointed out that there were not only developed and less-developed contracting parties, but that there was also a comparatively small number of countries, including South Africa, which did not fall into either of these two groups. The inclusion in the proposed new Part IV of the General Agreement of a provision on the lines of paragraph 4 on page 11 of the document L/2281 would, to some extent, have covered the position of countries such as South Africa. These countries which could not be regarded as being industrialized, although they had nevertheless made some progress towards industrialization and diversification of their economies, would obviously be faced with special problems if they were expected to give full effect to all the commitments which industrialized countries might be prepared to accept. His delegation wished to record its concern and sincere regret that for reasons which had not been made clear in the documentation before the meeting, the whole concept embodied in that paragraph had not found any recognition whatsoever in the draft text of the proposed new Part IV. For this reason the South African delegation reserved its position on the text of the new provisions as a whole.

MR. AOKI (Japan) said that he would recommend to his Government that the new Part IV of the GATT be accepted. It appeared to his delegation that there might be some problems of legal technicality which might arise in adopting the texts. However, he was confident that these could be clarified on a later occasion.

The CONTRACTING PARTIES adopted the following texts annexed to document L/2314 (as amended by Corr.1/Rev.1 and Corr.2) for submission to governments for acceptance:

- A: PART IV, entitled TRADE AND DEVELOPMENT, for incorporation in the General Agreement.
- B: Statement by the Chairman, relating to paragraph 4 of Article XXXVI and to paragraph 2(a) of Article XXXVIII, for inclusion in the records of the Session.
- C: Protocol amending the GATT, to include PART IV.
- D: Final Act of the Second Special Session.
- E: Declaration on the de facto implementation of the provisions of the Protocol.
- F: Terms of reference for the Committee on Trade and Development.

Mr. LALL (India) expressed appreciation to all who had assisted in finding solutions to the problems encountered in drawing up the new Part IV. He hoped that the new provisions would become operative in 1965. Many delegations, most of them from less-developed countries, had asked to be associated with these remarks and he hoped that the sentiments expressed would have the support of all contracting parties, including those which had made reservations.

Mr. EVANS (United States) thanked all concerned for the spirit of conciliation which had enabled agreement to be reached on the text of the new Part IV.

Mr. STEDFELD (Federal Republic of Germany), speaking for the European Economic Community, expressed satisfaction that the text of the new Part IV had been adopted.

The CHAIRMAN proposed that at the closing meeting of the Session, which should be held in the reasonably near future - the date to be fixed by the Executive Secretary and the Chairman in consultation with delegations - and to which Ministers would be invited, representatives should sign the Final Act, authenticating the text of the Protocol, and adopt the Declaration providing for the de facto implementation of the amendments pending the entry into force of the Protocol. At that meeting the Protocol would be opened for acceptance. Further, the Chairman suggested that the Committee on Trade and Development should be established at that meeting and meanwhile the Council of Representatives should decide upon the membership and chairmanship of the Committee.

These proposals were agreed.

2. Action Committee - report by Chairman (cont'd) (L/2307 and Add.1)

The Chairman recalled that at the previous meeting he had drawn the attention of delegates to a number of proposals submitted by the Chairman of the Action Committee in his report. The discussions at that meeting had indicated a broad agreement among contracting parties as to how a number of specific proposals made in the Chairman's report could be handled. It appeared to have been generally accepted, in the light of the explanation provided by the Executive Secretary, that the problems relating to trade in tropical products would be dealt with by the Special Group on Trade in Tropical Products within the framework of the negotiations in the Kennedy Round. If some residual problems remained after conclusion of the trade negotiations, the new Committee on Trade and Development should continue to search for solutions.

With reference to paragraph 7 of document L/2307, it had been recognized by the Chairman of the Action Committee in the course of the discussion at the previous meeting that the problem, now that the Kennedy Round of trade negotiations had in fact commenced, was one of securing accelerated implementation of tariff concessions on products of predominant interest to less-developed contracting parties. There appeared to have been a general consensus that the Sub-Committee on the Participation of Less-Developed Countries in the trade negotiations should direct its attention to this point, as well as to the other more general points relating to the inclusion of products of interest to less-developed countries in the linear reductions and the conditions for the participation of less-developed contracting parties in the negotiations which had been dealt with in paragraph 8 of the report.

There had been some discussion on the United Kingdom import charges at the previous meeting and it had been noted that these charges were intended to be strictly temporary in character, but the suggestion had been made that pending their full elimination the United Kingdom Government should endeavour to reduce and remove the surcharges on products of particular interest to less-developed countries. This appeared to be a suggestion to which the Working Party on the United Kingdom Temporary Surcharges could direct its attention.

Regarding the problem of expanding the commodity coverage of the Action Programme, the Chairman hoped that this had been dealt with satisfactorily in the course of the discussion on the report by the Chairman of Committee III. Committee III had recommended that an examination of the additional products, notified by less-developed contracting parties as of export interest to them, should be carried out early in 1965, with a view to their possible inclusion in the list of products to which the Action Programme applied.

Finally, the suggestion had been made by the Chairman of the Action Committee and supported by some delegations that a panel or a group of experts be established to consider whether there was any case for compensation arising from the loss of trading opportunities by some contracting parties as a result of the continued maintenance of quantitative restrictions in breach of GATT obligations. The Chairman of the Action Committee had emphasized the value of this proposal which, in his judgement, provided a constructive alternative to the normal GATT procedures for retaliation or withdrawal of concessions. Some contracting parties, on the other hand, had stressed the novelty of this concept and the difficulty of reaching any useful conclusions except on the basis of concrete and specific proposals. In view of the somewhat conflicting expressions of opinion on this subject, the CONTRACTING PARTIES might agree that the proposals mentioned in paragraph 5 of the report by the Chairman of the Action Committee, including in particular the question of compensation to contracting parties for loss of trading opportunities, should be studied by the secretariat. It was to be hoped that the secretariat's study would bring out the implications of these proposals in the context of the responsibilities which contracting parties had accepted in regard to the trade and development of less-developed countries and would result in

specific suggestions for speeding up the effective implementation of the Action Programme in this field. Delegations might wish that the secretariat be requested to submit a report in time for the meeting of the GATT Council immediately preceding the session of the CONTRACTING PARTIES in March 1965. The Council could then formulate specific proposals for handling this matter for consideration at the session.

The Chairman's proposals were agreed.

3. Programme of meetings (2SS/4)

It was agreed that the Council would meet on 16-17 December and the new Committee on Trade and Development on 18-29 January. It was noted that meetings of Committee II and of the Working Party on the Association of the EEC with the African and Malagasy States would be arranged as soon as administratively possible, and that the Working Party on the United Kingdom Temporary Import Charges would be convened in consultation with the International Monetary Fund.

4. Derestriction of documents

It was agreed to derestrict the reports by the Chairmen of Committee III (L/2304) and the Action Committee (L/2307 and Add.1) forthwith and the texts relating to the new PART IV (L/2314) as from 1 December 1964.

The meeting adjourned at 12.30 p.m.